ARIZONA DEPARTMENT OF EDUCATION

Tom Horne, Superintendent of Public Instruction

LOCAL DIRECTORS MEETING
October 25, 2007

Time	Topic	Presenter
8:30 am to 8:40 am	**Welcome and Introductions**	**Milton Ericksen, Barbara Border**
8:40 am to 9:00 am	**Equipment/Property Management**	**Ted Davis**
9:00 am to 9:30 am	**The Statewide Skills Assessment System**	**Ronald McCage**
	• **Status**	**Maggie Mangini**
	• **Stakeholders and Commission Appointments Information**	**Barbara Border**
	• **Federal Requirements**	**Carolyn Warner**
	• **On-line Process**	**David Bolger**
	• **Pilots**	
9:30 am to 9:40 am	**Perkins IV Five-Year State Plan Next Steps**	**Helen Bootsma**
9:40 am to 9:50 am	**Break**	**All Attendees**
9:50 am to 11:35 am	**Breakout Sessions (Select 2)**	
First Breakout 9:55 am to 10:40 am	• **Perkins Question on Transition to Baccalaureate Degree**	**Mark Hamilton, Lois Lamer**
	• **Perkins Question on Tech Prep Applications**	**Kriss Hagerl, Helen Bootsma**
	• **Perkins Question on Tech Prep Articulation Agreements**	**Jim Brown, Julie Siwanowicz**
Second Breakout 10:45 am to 11:30 am	• **Perkins Question on Tech Prep Programs of Study**	**Polly Abraham, Paulett Ellis**
	• **Perkins Question on Tech Prep Program Requirements**	**Chester Crandell, Karlene Darby**
11:35 am to 11:40 am	**Reassemble in Main Room**	**All Attendees**
	Reports:	
11:40 am to 11:45 am	**ACTE**	**Pam Ferguson**
11:45 am to 11:50 am	**ACOVA**	**Brenda Marietti**
11:50 am to 12:00 pm	**Door Prizes**	**Gerry Corcoran**
12:00 pm	**Adjourn**	

"Fiscal Monitoring"

**Ted Davis, Career & Technical Education (CTE)
Grants & Enrollment Section**

602.542.5349

ted.davis@azed.gov

Fiscal Monitoring Is Required

- Perkins programs are a likely target because they are often not audited –

- Fiscal program monitoring is required per:

  - 34 CFR §80.40

  - OMB Circular A-133, Section 400(d)(3)

  - OMB Circular A-133, Section M, Subrecipient Monitoring, Compliance Requirements

Montoring Should Focus On The Typical Problem Areas

- Compliance with the provisions of your grant/program regulations and your approved grant application.

- Procurement.

- Property management.

- Time & effort reporting/documentation.

- Grant period issues – When may costs be charged to a grant; are they charged to the correct grant-year, etc.?

Continuing Our Monitoring Theme & How To Avoid Problems, Our Topic Today Is :

Equipment – Property Management

OCFO Issues -

From the Office of the Chief Financial Officer, USDOE[1]

- **249 Findings**

- **48% - Related to procurement and distribution**

- **38% - Equipment controls**

- **9%   - Audit issues –**

  - o **Inadequate guidance related to recipient corrective plans of action.**

  - o **Inadequate follow-through on corrective plans of action.**

  - o **Reports not timely, inadequate or could not be found.**

[1]Fiscal Components of Title I & III Monitoring and a Summary of Recent Findings, James Evans, Managing Federal Education Grants Fall Forum, Nov. 30, 2006.

- **Does the recipient have a capital asset list that meets the requirements of your state's law? (USFR Capital Assets vs. 34 CFR § 80.32 of EDGAR)**

  - **Equipment costing $5,000 or more with a useful life of one year or more.**

  - **Addresses all the mandatory required information–**

    - **Location**

    - **ID information (tag, serial number, etc.)**

- **Does the recipient maintain a *stewardship** list for items costing less than $5,000 but at least $1,000? (USFR vs. 34 CFR § 80.20(b)(3) EDGAR)…** *Secondary Schools - Arizona state law is more restrictive.*

* Arizona's system, the <u>Uniform System of Financial Records for Arizona School Districts</u> (USFR) defines equipment subject to *stewardship* laws, to be equipment costing over $1,000 and less than $5,000.

Colleges..

Property/Equipment Management - What The Monitor Should Look For...

34 CFR § 80.20(b)(3) EDGAR

"(3) *Internal control.* **Effective control and accountability must be maintained for all grant and subgrant cash, real and** personal property**, and other assets. Grantees and subgrantees must adequately safeguard all such property and assure that it is used solely for authorized purposes."**

Bean-counter 'speak' for what you would call capital or equipment....

Colleges..

- *Community colleges sign the same Basic Grant assurances that 9-12 districts sign.*

- *In doing so you agree to our Equipment Guidelines, which require that you comply with the USFR stewardship guidelines for equipment, personal property, non-capitalized capital, etc. for items costing $1,000 or more.*

- *If your business office refuses to go there we recommend the 'three-hole-binder' approach…*

Property/Equipment Management - Back To What The Monitor Should Look For...

- Did the recipient adequately document the acquisition of the asset?

- Can you physically locate selected items of equipment?

- Does the equipment appear to be being used for the purposes for which it was acquired and in the federal program that paid for its purchase?

- Is there documentation to support the requirement that a physical inventory is conducted every 2 or 3 years, per the EDGAR or your state's requirements?

- Did the recipient dispose of assets in accordance with your state's law or administrative guidelines?

"Equipment, personal property, capital, non-capitalized capital (for you colleges out there) "

Audit questions…

For our purposes, the issues are –

- *Documenting individual equipment purchases*

- *Are they a legitimate CTE or Perkins grant cost*

- *Are they correctly allocated to a grant*

- *Are they reasonable*

- *Are you following your state's inventory guidance*

- *Are you following your state STEWARDSHIP guidance*

What's The Worst Thing A District or College Can Do Relative to Equipment and Questioned Costs?

- *Not to have some kind of property management system in place*

- *Colleges/universities – Need something that can be labeled a "stewardship" activity for items that cost less than $5,000.*

- *Inadequate Documentation*

Isn't This The Business Manager's Job?

YES – But…

- *Property management as an audit issue is NOT NEW, but the findings just keep happening*

- *It's possible for you to contribute to the problem –*

  - *Loan equipment out without some sort of tracking or sign-out system in place*

  - *Failing to check to see if you can find the stuff using your own system and documents… a teacher may loan equipment to another CTE teacher or academic program and not tell you*

  - *Failure to record lost, damaged or stolen equipment*

  - *Fail to push for the replacement of lost, damaged, stolen items with district insurance funds rather than grant funds*

We Recommend A 'Low Tech' Approach..

To protect you from weak spots in your District's Equipment/Inventory Systems …

- Stewardship list – (college's, equipment costing less than $5,000, but $1,000 or more)
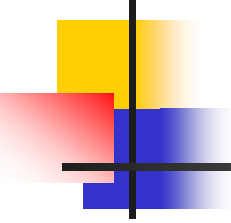
- Equipment sign-out logs for stuff you loan to –

    - Academic programs, or

    - Other CTE programs

The Key To This Low Tech System…

- *Keep one binder for each fiscal year*
- *Keep copies of your purchase documentation*

  - *The requisition to buy*
  - *Receiving documents*
  - *Invoices*
  - *Claims*
  - *Etc.*

- *Keep one for your own check-out system*

- *If necessary keep your own inventory & stewardship info in one*

The Rumor Is Still Going Around That The Feds Will Drop The $5,000 Threshold On Capital...

The Feds Are Talking About...

A definition that specifies the need to keep track of certain classes of capital, regardless of the acquisition costs –

- *Computers*

- *Communication devices*

- *Projectors*

- *Etc*

Your Library - **LEA – Eligible Recipients**

- **Program law & applicable regulations.**

- **Your school, district or college guidelines related to –**

    ➢ **State financial reporting requirements.**

    ➢ **State and local procurement requirements.**

    ➢ **State and local inventory and personal property control requirements.**

    ➢ **K-12, OMB Circular A-87.**

    ➢ **College or university, OMB Circular A-21 (When the college is the Tech Prep fiscal agent).**

    ➢ **Nonprofits, OMB Circular A-122.**

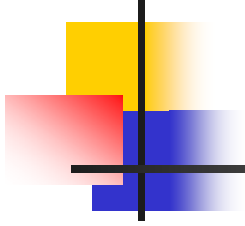   ➢ **The consolidated audit requirements – OMB Circular A-133.**

Your Library - Cont.

> OMB Circular A-133; the Cross Cutting Section and Your Program-Specific Compliance Supplement

> EDGAR (34 CFR 74 – 99)

> USFR

> USFR Program Memorandum No. 185 Audit Compliance Questionnaire

> Title 15 (Education)

> Recent legislation related to your program

On-Line Resources -

- **Federal Program Offices – http://www.ed.gov**

- **Perkins Act – http://www.ade.az.gov/cte/downloads/PerkinsIV081206.pdf**

- **OMB Circulars – http://www.whitehouse.gov/omb/circulars**

- **EDGAR –http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html**

- **Title 15, Current Bills, etc. – ALIS www.azleg.state.az.us**

- **Auditor General –
  http://www.auditorgen.state.az.us/manuals_schooldistrict.htm**

- **OIG Website – www.ed.gov (Click on "Offices", left-hand column, then select "Offices of Inspector General", "home-page".**
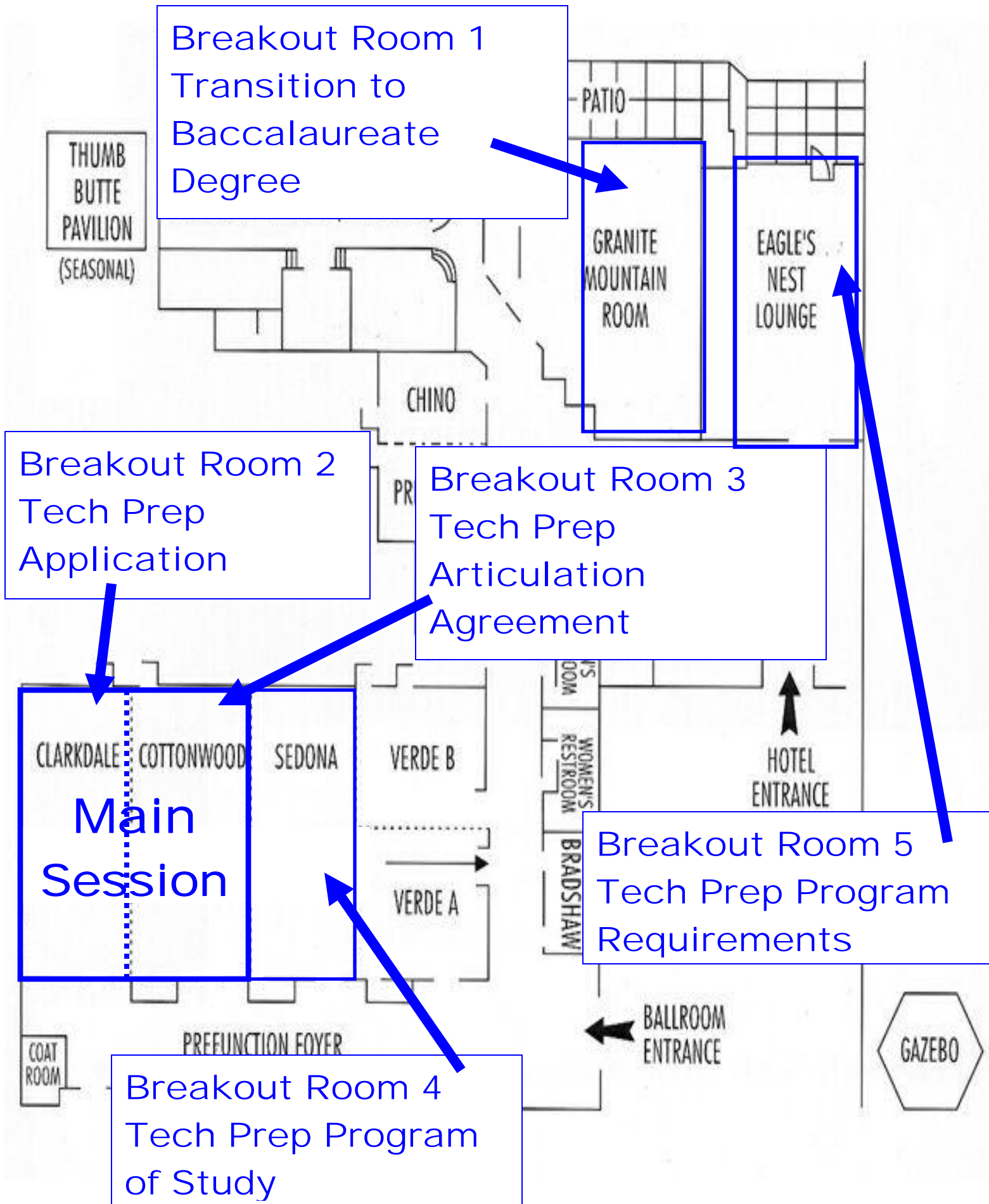
CAPITAL ASSETS

1. Did the District prepare a capital assets list that included all equipment with unit costs of $5,000 or more and useful lives of 1 year or more, and all land, buildings, and related improvements with a cost of $5,000 or more? (Lower threshold amounts may be used if adopted by the Governing Board.)

2. Does the capital assets list include the following information:

   a. Location (school, department, building, etc.)?

   b. Identification number (tag number, serial number, or other number that specifically identifies the item)?

   c. Description (model number, size, color, etc.)?

   d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase)?

   e. Source of funding?

   f. Acquisition date (month and year of acquisition)?

   g. Purchase document number (purchase order, voucher, or other document number that can be used to trace to the supporting documentation)?   *Stewardship list*

   h. Actual cost, estimated historical cost, or fair market value at the date of donation?

3. Did the District maintain a ***stewardship list*** for items costing at least $1,000 but less than $5,000 (or the District's capitalization threshold if less than $5,000)? Did the list include the description, identification number (tag number), location of the item, and the month and year of acquisition?

4. Was the capital assets list maintained by separate asset category (i.e., land and improvements, buildings and improvements, and equipment)?

5. Did the capital assets list or other schedule include the useful life, residual value, function code for reporting depreciation, and annual and accumulated depreciation for land improvements that deteriorate with use or the passage of time, buildings, building improvements, and equipment, including vehicles in excess of $5,000?

6. Did the District update the stewardship and capital assets lists at least annually for acquisitions and disposals?

7. Were assets recorded on the capital assets list at actual cost including ancillary charges, or at estimated historical cost if actual cost was not determinable?

8. Was proper supporting documentation retained for all items recorded on the capital assets list?

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[1] This questionnaire must be used for fiscal year (FY) 2006–07 audits and thereafter. The questionnaire dated 8/06 must be used for FY 2005–06 audits.

9. Were equipment items recorded on the stewardship and capital assets lists identified by a tag, marked with an identifying number, or specifically identified by some other means?

10. Was a physical inventory of items taken at least every 3 years and reconciled to the stewardship and capital assets lists?

11. Did the District follow R7-2-1131(C) when disposing of stewardship and capital asset items?

12. Did the District reconcile capitalized acquisitions to capital expenditures at least annually? Were differences properly resolved?

13. Did the District reconcile the current year's capital assets list to the previous year's list?

14. Did the District maintain adequate insurance coverage for all insurable school property, as required by A.R.S. §15-341(A)(7)?

Breakout Rooms

Breakout Room 1
Transition to
Baccalaureate
Degree

THUMB BUTTE PAVILION (SEASONAL)

PATIO

GRANITE MOUNTAIN ROOM

EAGLE'S NEST LOUNGE

CHINO

Breakout Room 2
Tech Prep
Application

Breakout Room 3
Tech Prep
Articulation
Agreement

CLARKDALE COTTONWOOD SEDONA VERDE B

WOMEN'S RESTROOM

HOTEL ENTRANCE

Main Session

VERDE A

BRADSHAW

Breakout Room 5
Tech Prep Program
Requirements

COAT ROOM

PREFUNCTION FOYER

BALLROOM ENTRANCE

GAZEBO

Breakout Room 4
Tech Prep Program
of Study

Career & Technical Education Director's/Administrator's District Contacts

Change the following:

	Existing Information	New Information
Name		
Title/Position		
School/Organization		
School District		
Address		
City and Zip		
Phone Number		
FAX Number		
E-Mail Address		

Add the following:

Name	
Title/Position	
School/Organization	
School District	
Address	
City and Zip	
Phone Number	
FAX Number	
E-Mail Address	

Delete the following:

Name	
Title/Position	
School/Organization	
School District	
Address	
City and Zip	
Phone Number	
FAX Number	
E-Mail Address	

Please inform the Career and Technical Education Division of any changes needed for the directory.
You may turn in this form at any Local Director's Meeting or email or fax it to:

Arizona Department of Education
Career and Technical Education Division
Attn: Doug Deemer
1535 West Jefferson Street - Bin #42
Phoenix, Arizona 85007
Email: sdeemer@ade.az.gov
Phone: (602) 542-5282

Arizona Department of Education (ADE)
1535 W. Jefferson Street
Phoenix, AZ 85007

Date: October 25, 2007

Event: Local Director Meeting

Section/Unit: CTE

Please circle the response that rates your evaluation for each of the following:

General Survey

1. The ADE delivered the information in a clear and concise manner.
   Strongly Agree
   Agree
   Neutral
   Disagree
   Strongly Disagree
   N/A

2. The ADE presenter(s) were prepared and displayed sound knowledge of the subject presented.
   Strongly Agree
   Agree
   Neutral
   Disagree
   Strongly Disagree
   N/A

3. I was satisfied with the quality of materials and/or handouts.
   Strongly Agree
   Agree
   Neutral
   Disagree
   Strongly Disagree
   N/A

4. The overall quality of the Local Director meeting was excellent.
   Strongly Agree
   Agree
   Neutral
   Disagree
   Strongly Disagree
   N/A

5. I would recommend this seminar to my colleagues.
   Strongly Agree
   Agree
   Neutral
   Disagree
   Strongly Disagree
   N/A

Thank you for your participation!